Approved For Release 2006/11/21 : CIA-RDP78-03091A000100040034-8

12 MAR 1965

MEMORANDUM FOR: Deputy Director for Intelligence
Deputy Director for Plans
Deputy Director for Science and Technology
Deputy Director for Support

SUBJECT : Retirement Policy - Civil Service Retirees

1. This memorandum offers for your consideration and comment suggested guidelines for extending the service of employees who are eligible for optional retirement under the civil service retirement system. My specific suggestions are summarized in paragraphs 7 and 8. However, I would also appreciate any other guidelines you may wish to propose which would facilitate the administration of our present policy by permitting on a routine basis extensions which are not contrary to the basic objectives of this policy.

2. As you know, the Agency's current policy concerning the retirement of employees covered by the Civil Service Retirement Act is to expect such employees to retire when eligible to do so without a reduction in annuity unless they are requested to remain in service. This means that employees who have 30 years of service and who are age 60 and employees who have five years of service and who are age 62 are expected to retire. Deputy Directors are authorized to extend the employment of individuals whose services are urgently needed. The Agency Retirement Board is authorized to approve extensions upon the request of an employee who appeals for extension on grounds of hardship.

3. This policy was adopted to contribute to several purposes, for example: to relieve in part the manpower problems of the Clandestine Services where there is a need to maintain a relatively young staff, to assist in assuring adequate opportunity for the advancement and development of younger professional officers in all parts of the Agency, and to ease the release of employees whose performance deteriorates in their later years. Although the policy met with some resistance when it was first adopted, primarily because the individuals immediately affected had not had time to prepare for accelerated retirement, it has more recently operated routinely. Employees are notified five years in advance of their prospective retirement dates and offered counseling in planning for their retirement. Also, in the immediate present, positive job-search assistance is being given to those who desire or require post-retirement employment.

4. The various measures which have been taken in recent months to assist the Agency in meeting reduced manpower ceilings have included a general tightening of the administration of this retirement policy. In some cases, previously approved extensions have been withdrawn, and there appears to be greater reluctance to approve extensions based on the need for continuation of an individual's service. In some cases, it appears that

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the policy is operating to release employees in positions which do not offer developmental opportunities for younger employees but which must be filled by external recruitment in the middle-age group (receptionists, for example). In other cases, employees have been identified for retirement who have difficult-to-replace skills which are currently needed by the Agency (Russian speakers, for example). In still other cases, the policy operates to deny to employees with limited periods of service the benefits of health insurance following retirement -- these benefits are available only to employees who retire with at least twelve years of service and application of the "age 62-5 years of service" rule retires some individuals without this benefit which is of particular importance to older people.

5. I believe that it is timely to examine this policy and perhaps to clarify the circumstances under which exceptions are appropriate. Specifically, I propose that extensions be generally made by the Deputy Directors to those employees whose performance is completely satisfactory and who are occupying positions which are not in the line of professional progression. Generally, I would expect this to include most wage-board, clerical, and semi-professional positions in GS-9 and below. In addition, I believe that greater consideration should be given to retaining in the Agency its resources of scarce skills (such as native fluency in Russian) even though the skill may not be a specific requirement of the individual's immediate assignment. In either case, the standard I propose to be applied is basically that of whether the employee is seriously impeding the professional advancement of highly promising younger employees and whether he is adding undesirably to a block of relatively immobile employees in a Career Service requiring youth and mobility.

6. In addition, to avoid denying to the individuals who most need it the hospitalization insurance benefits provided for retired employees, I propose that extensions be granted liberally to enable employees who are eligible to retire after ten years of service to remain on duty an additional two years and thus qualify for this benefit. In these cases, the Agency might well tolerate the extension of an individual whose performance has deteriorated somewhat but not to an unacceptable level.

7. In summary, I am proposing that the following additional standards be adopted for deferring the retirement of employees who are eligible for optional retirement under the Civil Service Retirement Act:

a. Deputy Directors should be liberal in granting extensions to employees whose performance is entirely satisfactory and who are holding positions which are not in the normal line of development and advancement for younger professional officers.

b. The Agency Retirement Board should be liberal in granting extensions up to two years to enable satisfactory employees to qualify for hospitalization insurance benefits upon retirement.

8. In addition, I propose that the Director of Personnel review those cases in which an employee scheduled for retirement possesses an unusual

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skill which, although not a significant requirement in his current position, may be needed elsewhere in the Agency. In such cases, the Director of Personnel should assure that an effort is made to retain that skill in the Agency through reassignment and, as appropriate, conversion of the individual's employment status to a reserve appointment or contract basis.

9. These proposals have been discussed in general terms with the Financial Policy and Budget Committee where they were favorably received. I would appreciate your comments and additional suggestions at your earliest convenience so that appropriate formal recommendations can be submitted for the approval of the Director.

/s/ Emmett D. Echols

Emmett D. Echols
Director of Personnel

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C-O-N-F-I-D-E-N-T-I-A-L

GROUP 1
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COMPARISON OF CSR AND CIAR MONTHLY

ANNUITY RATES

AGE 50 WITH 20 YEARS' SERVICE

HIGH - FIVE AVERAGE SALARY												
Type of Annuity	$7,000		$8,000		$9,000		$10,000		$11,000		$12,000	
	CSR	CIAR	CSR	CIAR	CSR	CIAR	CSR	CIAR	CSR	CIAR	CSR	CIAR
A	180	233	205	266	231	300	257	333	282	366	308	400
B	175	227	200	260	225	292	251	322	275	352	300	382
C	98	128	113	146	127	165	141	183	155	201	169	220

HIGH - FIVE AVERAGE SALARY												
Type of Annuity	$13,000		$14,000		$15,000		$16,000		$17,000		$18,000	
	CSR	CIAR	CSR	CIAR	CSR	CIAR	CSR	CIAR	CSR	CIAR	CSR	CIAR
A	334	433	360	466	385	500	411	533	437	566	463	600
B	323	412	346	442	369	472	393	502	416	532	439	562
C	183	238	198	256	212	275	226	293	240	311	254	330

A - Annuity to a retired employee if survivor benefit is not elected.
B - Annuity to a retired employee with maximum benefit to surviving spouse.
C - Maximum benefit to surviving spouse of retired employee, or benefit to widow or dependent widower of employee whose death occurs before retirement.

Note: CSR figures are based on Discontinued Service or Involuntary Retirement annuities and do not include the percentage increases provided by PL 87-793 for individuals retiring from January 1963 through December 1966, for example, 2% in 1965.

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